

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6774

BILL NUMBER: HB 1082

NOTE PREPARED: Feb 2, 2007

BILL AMENDED: Feb 1, 2007

SUBJECT: Security Freezes on Credit Reports.

FIRST AUTHOR: Rep. Micon

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

It provides that a consumer may prevent access to the consumer's credit report, or any information derived from the consumer's credit file, by requesting that a consumer reporting agency place a security freeze in the credit file.

It prohibits a consumer reporting agency from releasing any information from a credit file that is subject to a security freeze unless the consumer requests the release of the information: (1) to a specified third party; or (2) for a specified period.

For a credit file subject to a security freeze, the bill sets forth procedures for a consumer to request the: (1) release of information from the credit file; or (2) removal of the security freeze.

It requires a consumer reporting agency to develop, not later than September 1, 2008, secure procedures to process, within 15 minutes of receiving a request, a telephonic or an electronic authorization from a consumer to: (1) release information from a credit file subject to a security freeze; or (2) remove a security freeze.

It provides that specified persons, including utilities and licensed insurers, may receive information from a credit file that is subject to a security freeze.

It provides that specified persons are not required to place a security freeze in a consumer's credit file.

It makes a violation of the requirements and restrictions concerning security freezes a Class A infraction.

It provides a cause of action to a consumer aggrieved by a person's negligent or willful failure to comply with the requirements and restrictions concerning security freezes.

Effective Date: July 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues: *Class A Infraction:* Each violation of this chapter concerning security freezes on credit reports, results in a separate offense, which is punishable by a Class A infraction. If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class A infraction is \$10,000, which is deposited in the state General Fund.

If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Cause of Action: The bill also provides that a person who negligently fails to comply with the requirements of the chapter to be liable to the consumer. If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

In addition to the state share of the court fee or filing fee, some or all of the judicial salaries fee (\$15), the public defense administration fee (\$3), the court administration fee (\$2), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Class A Infraction and Cause of Action:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$70 court fee or \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected:

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106.